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Attorneys for Plaintiff

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

10 DAVID SPEISER, On Behalf of Himself and) Case No.
11 All Others Similarly Situated)
12 Plaintiff,)
13 vs.)
14 PACIFIC BIOSCIENCES OF CALIFORNIA,)
15 INC., MICHAEL HUNKAPILLER, DAVID) JURY TRIAL DEMANDED
16 BOTSTEIN, WILLIAM ERICSON,)
17 CHRISTIAN HENRY, RANDY)
18 LIVINGSTON, JOHN F. MILLIGAN,)
19 MARSHALL L. MOHR, KATHY)
ORDOÑEZ, and LUCY SHAPIRO,)
Defendants.)
)

Plaintiff David Speiser (“Plaintiff”), by and through his undersigned counsel, alleges the following upon information and belief, including an examination and inquiry conducted by and through his counsel, except as to those allegations pertaining to Plaintiff, which are alleged upon personal knowledge, as follows:

NATURE OF THE ACTION

1 1. This is a class action brought on behalf of the public stockholders of Pacific
 2 Biosciences of California, Inc. (“Pacific Biosciences” or the “Company”) against Pacific
 3 Biosciences and the members of its Board of Directors (the “Board” or the “Individual
 4 Defendants”) for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934
 5 (the “Exchange Act”), 15 U.S.C. §§ 78n(a), 78t(a), and U.S. Securities and Exchange Commission
 6 (“SEC”) Rule 14a-9, 17 C.F.R. 240.14a-9, and to enjoin the vote on a proposed transaction,
 7 pursuant to which Pacific Biosciences will be acquired by Illumina, Inc. (“Illumina”) through its
 8 wholly owned subsidiary, FC Ops Corp. (“Merger Sub”) (the “Proposed Transaction”).
 9

10 2. On November 1, 2018, Pacific Biosciences and Illumina issued a joint press release
 11 announcing they had entered into an Agreement and Plan of Merger dated November 1, 2018 (the
 12 “Merger Agreement”) to sell Pacific Biosciences to Illumina. Under the terms of the Merger
 13 Agreement, Pacific Biosciences stockholders will be entitled to receive \$8.00 per share in cash (the
 14 “Merger Consideration”). The Proposed Transaction has a total enterprise value of approximately
 15 \$1.2 billion on a fully diluted basis.
 16

17 3. On December 18, 2018, Pacific Biosciences filed a Definitive Proxy Statement on
 18 Schedule 14A (the “Proxy Statement”) with the SEC. The Proxy Statement, which recommends
 19 that Pacific Biosciences stockholders vote in favor of the Proposed Transaction, omits and/or
 20 misrepresents material information concerning, among other things: (i) the data and inputs
 21 underlying the financial valuation analyses that support the fairness opinion provided by the
 22 Company’s financial advisor, Centerview Partners LLC (“Centerview”); (ii) the background process
 23 leading to the Proposed Transaction; and (iii) Company insiders’ potential conflicts of interest. The
 24 failure to adequately disclose such material information constitutes a violation of Sections 14(a) and
 25
 26

1 20(a) of the Exchange Act as Pacific Biosciences stockholders need such material information in
2 order to cast a fully-informed vote or seek appraisal in connection with the Proposed Transaction.
3

4 4. In short, unless remedied, Pacific Biosciences' public stockholders will be forced to
5 make a voting or appraisal decision on the Proposed Transaction without full disclosure of all
6 material information concerning the Proposed Transaction being provided to them. Plaintiff seeks
7 to enjoin the stockholder vote on the Proposed Transaction unless and until such Exchange Act
8 violations are cured.
9

JURISDICTION AND VENUE

10 5. This Court has jurisdiction over the claims asserted herein for violations of Sections
11 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder pursuant to Section 27
12 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. §1331 (federal question jurisdiction).
13

14 6. The Court has jurisdiction over defendants because each defendant is either a
15 corporation that conducts business in and maintains operations in this District, or is an individual
16 who has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by
17 this Court permissible under traditional notions of fair play and substantial justice.
18

19 7. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because Plaintiff's
20 claims arose in this District, where a substantial portion of the actionable conduct took place, where
21 most of the documents are electronically stored, and where the evidence exists. Pacific Biosciences
22 is incorporated in Delaware and is headquartered in this District. Moreover, each of the Individual
23 Defendants, as Company officers or directors, either resides in this District or has extensive contacts
24 within this District.
25

THE PARTIES

26 8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of
27 Pacific Biosciences.
28

1 9. Defendant Pacific Biosciences is a Delaware corporation with its principal executive
2 offices located at 1305 O'Brien Drive, Menlo Park, California 94025. Pacific Biosciences'
3 common stock is traded on the NASDAQ Global Select Market under the ticker symbol "PACB."

4 10. Defendant Michael Hunkapiller ("Hunkapiller") is Chairman of the Board and has
5 been the Company's President and Chief Executive Officer ("CEO") since 2012 and a director of
6 the Company since 2005.

7 11. Defendant David Botstein ("Botstein") has been a director of the Company since
8 2012.

10 12. Defendant William Ericson ("Ericson") has been a director of the Company since
11 2004 and the Board's Lead Independent Director since 2010.

12 13. Defendant Christian Henry ("Henry") has been a director of the Company since July
13 31, 2018. Defendant Henry previously served as a member of Illumina's executive team from 2005
14 through January 2017 where he served in a number of different roles including Chief Financial
15 Officer, Chief Commercial Officer and General Manager of the Life Sciences Business.

17 14. Defendant Randy Livingston ("Livingston") has been a director of the Company
18 since 2009.

19 15. Defendant John F. Milligan ("Milligan") has been a director of the Company since
20 2013.

21 16. Defendant Marshall L. Mohr ("Mohr") has been a director of the Company since
22 2012.

24 17. Defendant Kathy Ordoñez ("Ordoñez") has been a director of the Company since
25 2014 and previously served as the Company's Chief Commercial Officer and Executive Vice
26 President from October 30, 2017 until October 30, 2018.

27 18. Defendant Lucy Shapiro ("Shapiro") has been a director of the Company since 2012.

19. Defendants Hunkapiller, Botstein, Ericson, Henry, Livingston, Milligan, Mohr, Ordoñez, and Shapiro are collectively referred to herein as the “Board” or the “Individual Defendants.”

OTHER RELEVANT ENTITIES

20. Illumina is a Delaware corporation with its principal executive offices located at 5200 Illumina Way, San Diego, California 92122. Illumina's common stock is traded on the NASDAQ Global Select Market under the ticker symbol "ILMN."

21. Merger Sub is a Delaware corporation and a wholly owned subsidiary of Illumina.

CLASS ACTION ALLEGATIONS

22. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons and entities that own Pacific Biosciences common stock (the “Class”). Excluded from the Class are defendants and their affiliates, immediate families, legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

23. This action is properly maintainable as a class action under Rule 23 of the Federal Rules of Civil Procedure. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through discovery, Plaintiff believes that there are thousands of members in the Class. As of December 7, 2018, there were approximately 149,621,715 shares of Pacific Biosciences common stock outstanding. All members of the Class may be identified from records maintained by Pacific Biosciences or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice similar to that customarily used in securities class actions.

24. Questions of law and fact are common to the Class and predominate over questions affecting any individual Class member, including, *inter alia*:

(a) Whether defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder;

(b) Whether the Individual Defendants have violated Section 20(a) of the Exchange Act; and

(c) Whether Plaintiff and the other members of the Class would suffer irreparable injury were the Proposed Transaction consummated.

25. Plaintiff will fairly and adequately protect the interests of the Class, and has no interests contrary to or in conflict with those of the Class that Plaintiff seeks to represent. Plaintiff has retained competent counsel experienced in litigation of this nature.

26. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

27. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

28. Pacific Biosciences designs, develops, and manufactures sequencing systems to resolve genetically complex problems. The Company's Single Molecule, Real-Time ("SMRT") sequencing technology enables single molecule, real-time detection of biological processes. This SMRT technology enables the observation of DNA synthesis as it occurs in real time by harnessing the natural process of DNA replication, which is a highly efficient and accurate process actuated by the DNA polymerase.

1 29. The Company launched its first commercial product, the PacBio RS System, during
2 the second quarter of 2011 and launched its higher performance PacBio RS II System during the
3 second quarter of 2013. In September of 2015, Pacific Biosciences announced the Sequel System,
4 which is based on the same underlying SMRT technology as the PacBio RS II System, but can
5 achieve up to approximately seven times the throughput with newly-designed SMRT Cells.
6

7 30. Based on its SMRT technology, Pacific Biosciences' products enable: (i) de novo
8 genome assembly to finish genomes in order to more fully identify, annotate, and decipher genomic
9 structures; (ii) full-length transcript analysis to improve annotations in reference genomes,
10 characterize alternatively spliced isoforms in important gene families, and find novel genes; (iii)
11 targeted sequencing to more comprehensively characterize genetic variations; and (iv) real-time
12 kinetic information for epigenome characterization. The Company's PacBio sequencing systems,
13 including consumables and software, provide a simple, fast, end-to-end workflow for SMRT
14 Sequencing.

15 31. Pacific Biosciences' customers include research institutions; commercial
16 laboratories; genome centers; clinical, government, and academic institutions; genomics service
17 providers; pharmaceutical companies; and agricultural companies.

19 32. Pacific Biosciences' total revenue was \$93.5 million for the year ended December
20 31, 2017, \$90.7 million for 2016 and \$92.8 million for 2015. The Company's total assets were
21 \$144.1 million as of December 31, 2017 and \$137.9 million as of December 31, 2016.

22 33. Beginning in August 2017, the Company, with the assistance of a financial advisor,
23 contacted 23 parties concerning their interest in a strategic partnership with Pacific Biosciences.
24 These parties included Illumina and a strategic partner in the Chinese market, referred to in the
25 Proxy Statement as "Party A."
26
27
28

1 34. Beginning in September 2017, members of Company management held various
 2 discussions with Illumina management regarding a strategic partnership. In mid-September 2018,
 3 Illumina's President and CEO Francis deSouza ("deSouza") indicated that Illumina might prefer to
 4 acquire the Company rather than enter into a strategic partnership. On September 25, 2018,
 5 Illumina submitted a non-binding letter expressing its interest in acquiring the Company for \$7.00
 6 per share.

7 35. On October 12, 2018, the Company entered into a non-binding term sheet with Party
 8 A regarding a possible commercial partnership with Party A and the associated investment by one
 9 or more Chinese investors (the "Partnership Transaction") with a goal of entering into the
 10 Partnership Transaction before November 10, 2018.

12 36. On October 20, 2018, Illumina increased the value of its proposal to \$8.00 per share.

13 37. At a November 1, 2018 Board meeting, Centerview rendered its fairness opinion and
 14 the Board approved the Merger Agreement. Later that day, the Company entered into the Merger
 15 Agreement with Illumina for \$8.00 per share.

17 38. Also on November 1, 2018, Pacific Biosciences and Illumina issued a joint press
 18 release announcing the Proposed Transaction, which stated, in relevant part:

19 SAN DIEGO & MENLO PARK, Calif.– Nov. 1, 2018– Illumina, Inc. (NASDAQ:
 20 ILMN) and Pacific Biosciences (NASDAQ:PACB) today announced they have
 21 signed an agreement for Illumina to acquire Pacific Biosciences at a price of \$8.00
 22 per Pacific Biosciences share in an all-cash transaction. This price represents a
 23 premium of 71% to Pacific Biosciences' 30 trading day volume weighted average
 24 share price as of the market close on October 31st, 2018, and a total enterprise value
 25 of approximately \$1.2 billion on a fully diluted basis.

27 The agreement has been approved by the board of directors of Illumina and Pacific
 28 Biosciences. The acquisition complements Illumina sequencing solutions with
 accurate long-read sequencing capabilities to answer a set of complex genomic
 questions. While Illumina's accurate and economic short-read sequencing platforms
 address the majority of sequencing applications optimally, select applications, such
 as *de novo* sequencing and sequencing of highly homologous regions of genomes,
 are better addressed with accurate long-reads. With its acquisition of Pacific
 Biosciences, Illumina will be positioned to provide integrated workflows and novel

1 innovations that bring together the best of both technologies to help researchers
 2 advance their discoveries faster and clinicians offer new tests economically.

3 “PacBio’s unmatched accuracy mirrors that of Illumina’s in short-read sequencing.
 4 Combining the two technologies positions us to reach more applications, accelerate
 5 the pace of genomic discovery and bolster our innovation engine which has been a
 6 hallmark of Illumina since our inception,” said Francis deSouza, President and Chief
 7 Executive Officer of Illumina. “PacBio’s relentless pursuit to improve sequencing
 8 accuracy, while driving down the cost, underscores the potential of long-reads to
 9 expand sequencing to new customers and applications.”

10 “Illumina continues to democratize the use of sequencing at an unprecedented rate.
 11 Through this combination, thousands of researchers will now have direct access to
 12 this technology,” said Michael Hunkapiller, Ph.D., Chief Executive Officer of
 13 Pacific Biosciences. “Illumina and Pacific Biosciences have shared values and a
 14 commitment to innovation. Our complementary sequencing technology, once
 15 integrated, will offer customers a new standard of insight and understanding, opening
 16 new frontiers of genomic utility.”

17 The transaction is subject to approval by the shareholders of Pacific Biosciences, as
 18 well as other customary closing conditions, including applicable regulatory
 19 approvals. Illumina expects to close the transaction in mid-2019.

20 **Insiders’ Interests in the Proposed Transaction**

21 39. Pacific Biosciences insiders are the primary beneficiaries of the Proposed
 22 Transaction, not the Company’s public stockholders. The Board and the Company’s executive
 23 officers are conflicted because they will have secured unique benefits for themselves from the
 24 Proposed Transaction not available to Plaintiff and the public stockholders of Pacific Biosciences.

25 40. Pacific Biosciences’ directors and executive officers stand to reap substantial
 26 financial benefits for securing the deal with Illumina. The following table summarizes the
 27 payments the Company’s directors and executive officers stand to receive in connection with their
 28 equity awards upon consummation of the Proposed Transaction:

Name	Number of Shares Held (#)(1)	Value of Shares Held (\$)(1)	Number of Shares Subject to In-the-Money Options (#)(2)	Value of In-the-Money Company Options (\$)(2)	Number of Shares Subject to Company RSUs and Company PRSUs (#)(3)	Value of Shares Subject to Company RSUs and Company PRSUs (\$)(3)	Total (\$)
Michael Hunkapiller, Ph.D.	2,300,000	18,400,000	2,855,000	9,198,150	150,000	1,200,000	28,798,150
Susan K. Barnes	347,417	2,779,336	1,436,262	3,394,781	131,250	1,050,000	7,224,117
Kevin Corcoran(4)	163,115	1,304,920	602,496	1,783,015	—	—	3,087,935
Michael Phillips	200,156	1,601,248	597,500	1,791,750	44,835	358,680	3,751,678
David Bottstein, Ph.D.	—	—	160,000	732,450	—	—	732,450
William Ericson	—	—	150,000	674,250	—	—	674,250
Randy Livingston	—	—	190,000	768,650	—	—	768,650
Christian Henry	—	—	35,000	151,900	—	—	151,900
Marshall Mohr	—	—	185,000	846,700	—	—	846,700
John Milligan, Ph.D.	—	—	135,000	570,050	—	—	570,050
Kathy Ordoñez(5)	—	—	547,500	2,578,075	131,250	1,050,000	3,628,075
Lucy Shapiro, Ph.D.	101,666	813,328	58,334	257,918	—	—	1,071,246

41. Further, if they are terminated in connection with the Proposed Transaction, Pacific Biosciences' named executive officers stand to receive substantial cash severance payments in the form of golden parachute compensation, as set forth in the following table:

Name	Cash (\$)(1)	Equity (\$)(2)	Perquisites/Benefits (\$)(3)	Total Payments (\$)
Michael Hunkapiller, Ph.D.	\$1,030,001	\$2,370,376	—	\$3,400,377(4)
Susan K. Barnes	\$ 617,501	\$1,889,405	\$ 57	\$2,506,963(4)
Kathy Ordoñez	—	\$2,866,165	—	\$2,866,165
Kevin Corcoran(5)	—	—	—	—
Michael Phillips	\$ 168,400	\$ 829,603	\$ 9,508	\$1,007,511(4)

The Proxy Statement Contains Material Misstatements and Omissions

42. The defendants filed a materially incomplete and misleading Proxy Statement with the SEC and disseminated it to Pacific Biosciences' stockholders. The Proxy Statement misrepresents or omits material information that is necessary for the Company's stockholders to make an informed decision whether to vote their shares in favor of the Proposed Transaction or seek appraisal.

43. Specifically, as set forth below, the Proxy Statement fails to provide Company stockholders with material information or provides them with materially misleading information concerning: (i) the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by the Company's financial advisor, Centerview; (ii) the background process leading to the Proposed Transaction; and (iii) Company insiders' potential conflicts of interest. Accordingly, Pacific Biosciences stockholders are being asked to make a voting or

1 appraisal decision in connection with the Proposed Transaction without all material information at
 2 their disposal.

3 ***Material Omissions Concerning Centerview's Financial Analyses***

4 44. The Proxy Statement describes Centerview's fairness opinion and the various
 5 valuation analyses performed in support of its opinion. However, the description of Centerview's
 6 fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses.
 7 Without this information, as described below, Pacific Biosciences' public stockholders are unable to
 8 fully understand these analyses and, thus, are unable to determine what weight, if any, to place on
 9 Centerview's fairness opinion in determining whether to vote in favor of the Proposed Transaction
 10 or seek appraisal. This omitted information, if disclosed, would significantly alter the total mix of
 11 information available to Pacific Biosciences' stockholders.

13 45. With respect to Centerview's *Discounted Cash Flow Analysis*, the Proxy Statement
 14 fails to disclose: (i) the line items Centerview used to calculate unlevered free cash flow; (ii)
 15 quantification of the inputs and assumptions underlying the selection of the discount rates ranging
 16 from 11% to 13%; (iii) the range of implied terminal values of Pacific Biosciences at the end of
 17 the Forecast period; (iv) Centerview's basis for using a range of terminal EBITDA multiples of
 18 12.0x to 16.0x to calculate the range of terminal values; (v) the implied perpetuity growth rates
 19 resulting from the analysis; and (vi) the number of fully-diluted outstanding shares of common
 20 stock as of October 30, 2018.

22 46. With respect to Centerview's *Selected Public Company Analysis*, the Proxy
 23 Statement fails to disclose: (i) the individual multiples and financial metrics for each of the selected
 24 comparable companies observed by Centerview in the analysis; and (ii) any benchmarking analyses
 25 for Pacific Biosciences in relation to the selected companies analyzed by Centerview.

1 47. With respect to Centerview's *Selected Precedent Transactions Analysis*, the Proxy
 2 Statement fails to disclose the individual multiples and financial metrics for each of the selected
 3 transactions analyzed by Centerview in the analysis.

4 48. When a banker's endorsement of the fairness of a transaction is touted to
 5 stockholders, the valuation methods used to arrive at that opinion as well as the key inputs and
 6 range of ultimate values generated by those analyses must also be fairly disclosed.
 7

8 49. The omission of this information renders the statements in the "Opinion of
 9 Centerview Partners LLC" section of the Proxy Statement false and/or materially misleading in
 10 contravention of the Exchange Act.

11 ***Material Omissions Concerning the Background Process of the Proposed Transaction***

12 50. The Proxy Statement omits material information relating to the sale process leading
 13 up to the Proposed Transaction.

14 51. In connection with the sale process, the Proxy Statement sets forth that "[b]eginning
 15 in August 2017 and continuing into 2018, Pacific Biosciences, with the assistance of an
 16 internationally recognized investment banking firm, contacted 23 parties (including Illumina and
 17 Roche) concerning their interest in a strategic partnership with Pacific Biosciences." Proxy
 18 Statement at 35. The Proxy Statement further discloses that
 19

20 By September 2018, Pacific Biosciences had identified a preferred strategic partner
 21 for the Chinese market (which we refer to as "Party A") and was actively discussing
 22 a commercial partnership with Party A. Party A was one of the 23 companies
 23 previously contacted concerning a strategic partnership. In addition, Pacific
 24 Biosciences was in discussions regarding an investment into Pacific Biosciences by
 25 one or more Chinese investors, with this investment to occur at approximately the
 26 same time as Pacific Biosciences entered into a commercial partnership with Party
 27 A.

28 Id. at 36. The Proxy Statement fails, however, to expressly indicate whether the Company entered
 29 into confidentiality agreements with any of the parties contacted beginning in August 2017 in
 30 connection with a potential strategic partnership, not including Illumina, and if so, whether these
 31

1 confidentiality agreements are still in effect and/or contain “don’t ask, don’t waive” standstill
 2 provisions that are presently precluding these parties from making a topping bid for the Company.

3 52. The disclosure of the existence and terms of any confidentiality agreements Pacific
 4 Biosciences entered into with any other party is crucial to Pacific Biosciences stockholders being
 5 fully informed of whether their fiduciaries have put in place restrictive devices to foreclose a
 6 topping bid for the Company.

7 53. The omission of this information renders the statements in the “Background of the
 8 Merger” section of the Proxy Statement false and/or materially misleading in contravention of the
 9 Exchange Act.

11 ***Material Omissions Concerning Potential Conflicts of Interest of Company Insiders***

12 54. The Proxy Statement also fails to disclose material information concerning potential
 13 conflicts of interest faced by Company insiders.

14 55. For example, during a November 1, 2018 investor and media conference call
 15 following the announcement of the Proposed Transaction, defendant Hunkapiller stated:

17 I’m very pleased with the announcement of our planned combination with Illumina
 18 **and to be sharing with our employees, customers and investors that we will be**
joining the Illumina family. I’m extremely proud of the work that the PacBio team
 19 has accomplished as a standalone company, and I believe that as part of Illumina, we
 can continue to innovate our SMRT Sequencing capabilities and reach more
 20 customers and address more applications substantially faster than we could do as a
 standalone enterprise.

21 As Francis has mentioned, not only do the 2 companies share a commitment to
 22 accuracy, supporting scientific and clinical markets with quality products and to
 23 customer-focused innovation, but **we also share a similar culture that we think**
will enable us to integrate quickly and continue to deliver on our technology
 24 roadmap that substantially broadens the addressable opportunity for our
 complimentary long-read platform. **We look forward to serving our customers as**
part of Illumina in the future.

26 Emphasis added.

56. The Proxy Statement, however, fails to disclose whether any of Pacific Biosciences' executive officers or directors is continuing their employment following consummation of the Proposed Transaction, as well as the details of all employment and retention-related discussions and negotiations that occurred between Illumina and Pacific Biosciences' executive officers, including who participated in all such communications, when they occurred and their content. The Proxy Statement further fails to disclose whether any of Illumina's prior proposals or indications of interest mentioned management retention in the combined company or the purchase of or participation in the equity of the surviving corporation.

57. The omission of this information renders the statements in the “Background of the Merger,” and “Interests of Pacific Biosciences’ Directors and Executive Officers in the Merger” sections of the Proxy Statement false and/or materially misleading in contravention of the Exchange Act.

58. The Individual Defendants were aware of their duty to disclose this information and acted negligently (if not deliberately) in failing to include this information in the Proxy Statement. Absent disclosure of the foregoing material information prior to the stockholder vote on the Proposed Transaction, Plaintiff and the other members of the Class will be unable to make a fully-informed decision whether to vote in favor of the Proposed Transaction or seek appraisal and are thus threatened with irreparable harm warranting the injunctive relief sought herein.

CLAIMS FOR RELIEF

COUNT I

**Class Claims Against All Defendants for Violations of Section 14(a) of the Exchange Act
And SEC Rule 14a-9 Promulgated Thereunder**

59. Plaintiff repeats all previous allegations as if set forth in full.

60. SEC Rule 14a-9, 17 C.F.R. §240.14a-9, promulgated pursuant to Section 14(a) of the Exchange Act, provides:

1 No solicitation subject to this regulation shall be made by means of any proxy
 2 statement, form of proxy, notice of meeting or other communication, written or oral,
 3 containing any statement which, at the time and in light of the circumstances under
 4 which it is made, is false or misleading with respect to any material fact, or which
 5 omits to state any material fact necessary in order to make the statements therein not
 6 false or misleading or necessary to correct any statement in any earlier
 7 communication with respect to the solicitation of a proxy for the same meeting or
 8 subject matter which has become false or misleading.

9
 10 61. During the relevant period, defendants disseminated the false and misleading Proxy
 11 Statement specified above, which failed to disclose material facts necessary in order to make the
 12 statements made, in light of the circumstances under which they were made, not misleading in
 13 violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.
 14

15 62. By virtue of their positions within the Company, the defendants were aware of this
 16 information and of their duty to disclose this information in the Proxy Statement. The Proxy
 17 Statement was prepared, reviewed, and/or disseminated by the defendants. The Proxy Statement
 18 misrepresented and/or omitted material facts, including material information about (i) the data and
 19 inputs underlying the financial valuation analyses that support the fairness opinion provided by
 20 Centerview; (ii) the background process leading to the Proposed Transaction; and (iii) Company
 21 insiders' potential conflicts of interest. The defendants were at least negligent in filing the Proxy
 22 Statement with these materially false and misleading statements.

23 63. The omissions and false and misleading statements in the Proxy Statement are
 24 material in that a reasonable stockholder would consider them important in deciding how to vote on
 25 the Proposed Transaction or whether to seek appraisal. In addition, a reasonable investor would
 26 view a full and accurate disclosure as significantly altering the "total mix" of information made
 27 available in the Proxy Statement and in other information reasonably available to stockholders.

28 64. By reason of the foregoing, the defendants have violated Section 14(a) of the
 29 Exchange Act and SEC Rule 14a-9(a) promulgated thereunder.

65. Because of the false and misleading statements in the Proxy Statement, Plaintiff and the Class are threatened with irreparable harm, rendering money damages inadequate. Therefore, injunctive relief is appropriate to ensure defendants' misconduct is corrected.

COUNT II

Class Claims Against the Individual Defendants for Violation of Section 20(a) of the Exchange Act

66. Plaintiff repeats all previous allegations as if set forth in full.

67. The Individual Defendants acted as controlling persons of Pacific Biosciences within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers or directors of Pacific Biosciences and participation in or awareness of the Company's operations or intimate knowledge of the false statements contained in the Proxy Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

68. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy Statement and other statements alleged by Plaintiff to be misleading prior to or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

69. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same. The Proxy Statement at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of this document.

70. In addition, as the Proxy Statement sets forth at length, and as described herein, the Individual Defendants were each involved in negotiating, reviewing, and approving the Proposed Transaction. The Proxy Statement purports to describe the various issues and information that they reviewed and considered — descriptions which had input from the Individual Defendants.

71. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

72. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that defendants' actions threaten to inflict.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor on behalf of Pacific Biosciences, and against defendants, as follows:

A. Ordering that this action may be maintained as a class action and certifying Plaintiff as the Class representative and Plaintiff's counsel as Class counsel;

B. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction and any vote on the Proposed Transaction, unless and until defendants disclose and disseminate the material information identified above to Pacific Biosciences stockholders;

C. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff;

D. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

E. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

1 Plaintiff demands a trial by jury on all claims and issues so triable.

2 Dated: January 4, 2019

WEISSLAW LLP

3 Joel E. Elkins

4 By: /s/ Joel E. Elkins

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-and-

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